

## Message Text

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ACTION STR-04

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NSCE-00 USIE-00 INRE-00 AF-08 ARA-06 NEA-10 OIC-02

FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00 PRS-01

SP-02 OMB-01 /133 W

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O R 191800Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1767

INFO AMEMBASSY BERN

AMEMBASSY CANBERRA

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

ALL EC CAPITALS 103

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PASS STR, AGRICULTURE

H PASS CODEL

E.O. 11652: N/A

TAGS: ETRD GATT

SUBJECT: MTN SUBGROUP DAIRY PRODUCTS - JULY 12-14 MEETING

REFS: A. STATE 167791 B. MTN GENEVA 5648

1. SUMMARY. THE FOURTH SESSION OF THE DAIRY SUBGROUP HELD JULY 12-14, CONSISTED LARGELY OF A WIDE-RANGING AND NOT ALWAYS CONSTRUCTIVE DEBATE DUE TO LENGTHY AND DESULTORY EC INTERVENTIONS.

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SOME PARTS OF THIS DEBATE WERE NEVERTHELESS OF GREAT INTEREST, PARTICULARLY THE EC'S DESCRIPTION OF HOW IT ENVISAGES TO MAKE

REQUESTS FOR LIBERALIZATION OF THE U.S. DAIRY IMPORT SYSTEM.  
AUSTRALIA AND CANADA AND TO A LESSER EXTENT  
NEW ZEALAND, PARTICIPATED ACTIVELY IN THIS DEBATE. AUSTRALIA,  
IN PARTICULAR, CRITICIZED THE EC SHARPLY FOR ITS UNYIELDING  
ATTITUDE ON LIBERALIZATION. THE GROUP DID NOT REACH AGREEMENT  
ON THE EC'S PROPOSAL FOR DOCUMENTATION ON CHEESE DUE TO THE EC'S  
REFUSAL TO INCLUDE THE AVE'S OF VARIABLE LEVIES IN SUCH DOCUMENTA-  
TION. HOWEVER, THE GROUP DID AGREE TO DEBATE CONCURRENTLY  
THE DEFICIENCIES OF THE EXISTING INTERNATIONAL DAIRY ARRANGEMENTS  
AND THE LIBERALIZATION OF DAIRY IMPORT AND EXPORT REGIMES AT  
ITS NEXT MEETING. OTHER SUMMARY HIGHLIGHTS CONTAINED IN REFTEL  
B. END SUMMARY.

2. THE FOURTH SESSION OF THE DAIRY SUBGROUP WAS HELD JULY 12-14.  
THE SUBGROUP CONTINUED ITS ANALYSIS OF EXPORT AND IMPORT  
MEASURES WITH AN EXAMINATION OF THE POLISH DAIRY SYSTEM. FOLLOWING  
QUESTIONS BY THE U.S. (KOENIG) CONCERNING VARIOUS ASPECTS OF  
POLAND'S DAIRY TRADE SYSTEM, THE EC (JAQUOT), AUSTRALIA (SPENCER)  
AND NEW ZEALAND (DURRENT) ASKED POLAND WHY IT DOES NOT PARTICIPATE  
IN THE EXISTING INTERNATIONAL ARRANGEMENT ON DAIRY PRODUCTS.  
POLAND (JODKO) REPLIED THAT IT IS GIVING CAREFUL CONSIDERATION  
TO POSSIBLE PARTICIPATION IN THE GATT NFDM ARRANGEMENT.

3. THE EC PROPOSAL FOR ADDITIONAL INFORMATION ON THE IMPORT  
SYSTEMS FOR CHEESE (MTN/DP/W/21) WAS DISCUSSED AT LENGTH.  
CANADA, THE EC, SWITZERLAND, NEW ZEALAND AND AUSTRIA HAVE SUB-  
MITTED THIS INFORMATION TO THE GROUP, ALTHOUGH THE EC PROPOSAL  
HAS NOT YET BEEN APPROVED. THE U.S. DECLARED THAT WHILE THE  
INFORMATION REQUESTED IS READILY AVAILABLE IN U.S. PUBLICATIONS,  
THE U.S. IS WILLING TO FURNISH IT TO THE GROUP PROVIDED THIS  
INFORMATION BE EXTENDED TO ALL OTHER MAJOR DAIRY PRODUCTS AND  
THAT THE EC FURNISH THE AVE'S OF VARIABLE LEVIES. THE EC AGREED  
TO THE FIRST POINT BUT FLATLY REFUSED TO GIVE AVE'S FOR VARIABLE  
LEVIES. THE EC DECLARED THAT, AS THE U.S. DEL SO WELL KNOWS,  
IT IS NOT POSSIBLE TO CALCULATE SUCH AVE'S. WHEN THE U.S. DEL  
CITED A NUMBER OF AVE'S WHICH RANGED FROM 45 PERCENT TO 535  
PERCENT, THE EC DECLARED THAT THESE AVE'S ARE WITHOUT SIGNIFICANCE  
BECAUSE VARIABLE LEVIES DO NOT PREVENT IMPORTS AND ALSO BECAUSE  
THEY ARE NOT NEGOTIABLE. THE EC STATED THAT THE U.S.

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REQUEST FOR AVE'S OF VARIABLE LEVIES IS MERELY A PRETEXT FOR NOT  
FURNISHING INFORMATION ON U.S. COUNTERVAILING DUTIES. THE EC CALLED  
THE U.S.  
COUNTERVAILING DUTY LAW QUOTE UNE LOI SCELERATE UNQUOTE  
(A WICKEDLY CRIMINAL LAW) BUT UPON THE U.S. REQUEST THE CHAIR  
RULED THAT THIS TERM MAY NOT BE EMPLOYED. THE EC ALSO STATED  
THAT IT WOULD PROVIDE THE AVE'S OF VARIABLE LEVIES IF THE U.S.  
PROVIDES THE AVE'S OF QR'S AND HEALTH AND SANITARY MEASURES.

4. AUSTRALIA SAID THAT IT WOULD BE WILLING, IN PRINCIPLE, TO

PROVIDE THE DATA ON CHEESE (MTN/DP/W/21) BUT THAT ITS WILLINGNESS TO DO SO CANNOT BE EASILY RECONCILED WITH THE EC'S UNWILLINGNESS TO PROVIDE THE SAME TYPE OF INFORMATION FOR ALL PRODUCTS AS REQUESTED BY AUSTRALIA IN THE NTM GROUP. THE EC REPLIED THAT IT HAD NOT

IGNORED THE AUSTRALIAN NTM GROUP PROPOSAL AND HAD EVEN ASKED FOR A GROUP AGRICULTURE MEETING TO DISCUSS IT SINCE, ACCORDING TO THE EC, IT WAS UP TO GROUP AGRICULTURE TO DEAL WITH PRODUCTS IN CHAPTERS 1-24 OF THE NTM.

5. WHEN THE EC STATED THAT FOUR DELEGATIONS (U.S., AUSTRALIA, NEW ZEALAND AND THE NORDICS) WERE UNWILLING TO PROVIDE THE INFORMATION ON CHEESE, ALL FOUR REPLIED THAT THE EC MISINTERPRETED THEIR POSITION. FINLAND (PULLINEN) ON BEHALF OF THE NORDICS SAID THEY HAD ALREADY SUPPLIED THIS INFORMATION IN ANOTHER DAIRY GROUP DOCUMENT AND THAT THEY SEE NO NEED TO DUPLICATE IT. NEW ZEALAND SAID IT WOULD SUPPLY THE INFORMATION; AND THE U.S. AND AUSTRALIA SAID THAT THEY WERE QUIRE WILLING TO PROVIDE THE INFORMATION BUT THAT THERE WOULD HAVE TO BE ADDITIONAL COMMITMENTS BY THE EC TO KEEP THE DOCUMENTATION BALANCED. JAPAN (YOSHIKUNI) SAID THAT IT WOULD PROVIDE THE INFORMATION ON A "BEST ENDEAVOR BASIS" AND THAT IT HAD NOT YET DONE SO ONLY BECAUSE THE SUBGROUP HAD NOT YET APPROVED THE EC PROPOSAL. THE DISCUSSION OF THIS AGENDA POINT ENDED WHEN IT BECAME OBVIOUS THAT NO AGREEMENT COULD BE REACHED.

6. THE EC PROPOSAL TO DISCUSS EXISTING INTERNATIONAL AGREEMENTS ON DAIRY PRODUCTS (MTN/DP/W/20) WAS ADOPTED WITH LITTLE DEBATE AFTER THE EC HAD AGREED TO DISCUSS, CONCURRENTLY, ALTERNATIVE APPROACHES TO PROBLEMS OF MARKET ACCESS AND EXPORT LIMITED OFFICIAL USE  
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MEASURES. THE REMAINDER OF THE MEETING WAS DIVIDED INTO A DISCUSSION OF (1) EXISTING INTERNATIONAL DAIRY ARRANGEMENTS AND (2) LIBERALIZATION OF IMPORT AND EXPORT MEASURES.

7. EXISTING INTERNATIONAL DAIRY ARRANGEMENTS. NEW ZEALAND SAID THAT THE MOST OBVIOUS DEFICIENCY OF THE EXISTING ARRANGEMENTS IS THE LIMITED NUMBER OF PARTICIPATNTS. AUSTRALIA AGREED AND ADDED A LENGTHY LIST OF ADDITIONAL SHORTCOMINGS: (A) THEY DO NOT ASSURE ACCESS TO MARKETS; (B) THEY DO NOT DEAL ADEQUATELY WITH SUBSIDIES; (C) THEY DO NOT DEAL WITHTHE BASIC CAUSES OF PROBLEMS IN THE DAIRY TRADE; (D) THEY DO NOT COVER BUTTER; (E) THEY DO NOT PROVIDE FOR ADEQUATE CONSULTATION AND EXCAHNGE OF INFORMATION; (F) THEY INCLUDE UNREALISTIC MINIMUM PRICES WHICH ARE TOO RIGID AND TOO HARD TO POLICE; AND (G) THEY DO NOT, MOST IMPORTANTLY, PROVIDE THE SAME DURABILITY AS REGULAR GATT COMMITMENTS. AUSTRALIA SUGGESTED THAT THE SECRETARIAT PUT TOGETHER A CATALOGUE OF DEFICIENCIES OF THE EXISTING INTERNATIONAL DAIRY ARRANGEMENTS, AND THAT DELEGATIONS, INCLUDING

NON-MEMBERS OF THESE ARRANGEMENTS, SUBMIT THEIR VIEWS.

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O R 191800Z JUL 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1768

INFO AMEMBASSY BERN

AMEMBASSY CANBERRA

AMEMBASSY OTTAWA

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8. THE EC NOTED THAT DESPITE THE PROBLEMS ENUMERATED, THE ARRANGEMENTS HAVE WORKED BUT THERE IS ROOM FOR IMPROVEMENT. THE EC ALSO AGREED WITH NEW ZEALAND THAT THE NUMBER OF PARTICIPANTS IS TOO SMALL. THE EC SAID THAT ONE IMPROVEMENT WOULD BE TO MAKE MEMBERSHIP COMPULSORY FOR EVERY COUNTRY PARTICIPATING IN THE MTN. THE EC WOULD BE WILLING TO CONSIDER EXTENDING THE COVERAGE OF EXISTING ARRANGEMENTS TO BUTTER AND PERHAPS ALSO TO BUTTERMILK POWDER. THE EC SUGGESTED THAT THE SECRETARIAT

EXAMINE THE LINK BETWEEN THE OECD'S GENTLEMEN'S AGREEMENT ON  
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WHOLE MILK POWDER WITH THE GATT DAIRY ARRANGEMENTS IN ORDER  
TO PREPARE THE WAY FOR A SINGLE ARRANGEMENT FOR ALL DAIRY  
PRODUCTS. THIS SINGLE ARRANGEMENT SHOULD BE COMPOSED  
OF SEVERAL CHAPTERS, ONE OF WHICH COULD PROVIDE FOR A  
MECHANISM FOR CONSULTATION AND EXCHANGE OF MARKET INFORMATION.  
THE NEW ARRANGEMENT SHOULD PROVIDE FOR MAXIMUM AS WELL AS A  
MINIMUM PRICE. SUCH AN ARRANGEMENT SHOULD ALSO DEAL WITH  
NON-COMMERCIAL TRANSACTIONS. THE EC SAID THAT THE PROBLEM OF  
SUBSIDIES COULD BE TAKEN CARE OF WITHIN SUCH AN ARRANGEMENT  
THROUGH THE MINIMUM PRICE MECHANISM. THE EC ALSO SAID THAT  
IT IS NOT POSSIBLE TO GET RID OF SUBSIDIES, AND THE SUBGROUP  
SHOULD NOT TRY TO DO SO SINCE EXPORT SUBSIDIES ARE QUOTE ALLOWED  
UNDER GATT FOR COMMODITIES. UNQUOTE.

9. DRAWING ON THE DISCUSSION SECTION OF THE POSITION PAPER  
(REFTEL A), THE U.S. POINTED OUT THE SHORTCOMINGS OF THE  
PRESENT INTERNATIONAL DAIRY ARRANGEMENTS STRESSING THE FACT  
THAT THESE ARRANGEMENTS SERVE ONLY TO PROP UP UNSOUND DOMESTIC  
SUPPORT PROGRAMS. THE U.S. DEL SAID THAT MINIMUM EXPORT PRICES  
CAN OFTEN BE MAINTAINED ONLY BY THE USE OF ADDITIONAL MEASURES  
AT THE EXPENSE OF OTHER COUNTRIES AND OTHER PRODUCTS. IN SUPPORT  
OF THIS POINT THE U.S. MENTIONED THE EC'S MIXING REGULATION FOR  
NFDM AND THE EC COMMISSION'S PROPOSAL FOR A TAX ON FATS AND OILS.  
THESE MEASURES DO NOT ONLY CAUSE DISTURBANCES IN SECTORS OTHER  
THAN THE DAIRY SECTOR BUT ARE ALSO CONTRARY TO THE COMMUNITY'S  
GATT OBLIGATIONS.

10. THE U.S. ASKED WHY, IN VIEW OF THE ALLEGED MERITS OF  
MINIMUM PRICES, NO NEW MINIMUM PRICE HAS BEEN FIXED FOR NFDM FOR  
FEED UNDER THE GATT ARRANGEMENT FOR SKIM MILK POWDER, AFTER  
DEROGATIONS HAVE BEEN GRANTED TO ABANDON THE OLD PRICE OF \$350/MT.  
BOTH THE CHAIRMAN (LUCQ) WHO IS ALSO THE CHAIRMAN OF THE GATT DAIRY M  
ANAGE-  
MENT COMMITTEE AS WELL AS CANADA, NEW ZEALAND AND THE  
EC GAVE EVASIVE REPLIES TO THIS QUESTION REFUSING TO  
ACKNOWLEDGE THAT AT LEAST FOR NFDM FOR FEED THE MINIMUM PRICE  
MECHANISM HAS BROKEN DOWN UNDER THE PRESSURE OF SURPLUSES.

11. AGREEING WITH THE U.S. VIEW THAT HIGH SUPPORT PRICES AND  
HENCE A HIGH LEVEL OF PROTECTION REPRESENT THE MAJOR PROBLEM IN  
THE DAIRY SECTOR, AUSTRALIA ASKED WHETHER THE U.S. THEREFORE  
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WOULD CONSIDER U.S. IMPORT PROTECTION ON DAIRY PRODUCTS EXCESSIVE; WHAT ACTION THE U.S. TAKES TO COPE WITH ITS DAIRY SURPLUSES, AND WHETHER THE U.S. COULD COMMENT ON RECENT P.L. 480 SALES OF NFDM TO THE PHILIPPINES. THE U.S. ACKNOWLEDGED THAT ITS IMPORT SYSTEM IS RESTRICTIVE. AS REGARDS MEASURES TO COUNTERACT DAIRY SURPLUSES, THE U.S. POINTED OUT THAT U.S. SUPPORT PRICES ARE BELOW THE PARITY LEVEL AND REPRESENT A DISINCENTIVE TO INCREASED PRODUCTION SINCE THE PARITY PRICE REFLECTS FULL COSTS OF PRODUCTION. U.S. FURTHER STATED THAT IT HAS AT PRESENT NO INFORMATION ON P.L. 480 SALES TO THE PHILIPPINES AND THEREFORE CANNOT COMMENT ON THIS ACTION IMMEDIATELY.

12. LIBERALIZATION OF IMPORT AND EXPORT MEASURES. THE DISCUSSION CENTERED ON THE FOLLOWING POINTS: TARIFFS, NON-TARIFF CHARGES, EXPORT SUBSIDIES AND COUNTERVAILING MEASURES.

TARIFFS: AUSTRALIA STATED THAT TARIFFS ON DAIRY PRODUCTS ARE OF SIGNIFICANCE IN THE IMPORT SYSTEMS OF VARIOUS COUNTRIES EVEN IF TARIFFS ARE ACCCOMPANIED BY OTHER PROTECTIVE MEASURES. FOR INSTANCE, IN THE U.S. TAIFFS ON CHEESE WHICH RANGED FROM SIX TO TWENTY-FIVE PERCENT ARE OF SIGNIFICANCE. AUSTRALIA THEN REFERRED TO THE EC PROPOSAL FOR A TARIFF FORMULA FOR INDUSTRIAL PRODUCTS AND ASKED HOW THE EC AND OTHER COUNTRIES (E.G., JAPAN) WHICH DO NOT WISH TO SUBJECT AGRICULTURAL DUTIES TO A TARIFF FORMULA, INTEND TO DEAL WITH DUTIES ON DAIRY PRODUCTS. THE EC STATED THAT IT HAS ONLY ONE DAIRY PRODUCT, CASEIN, TO WHICH A TAIRFF IS APPLIED AND THAT THE AUSTRALIAN QUESTION THEREFORE DOES NOT APPLY TO THE EC. UNDER QUESTIONING BY THE U.S. THE EC STATED THAT IT WOULD MAKE REQUESTS ON DAIRY TARIFFS ON A CASE-BY-CASE BASIS. WHEN THE U.S. ASKED HOW THE EC WOULD MAKE ITS REQUEST, THE EC STATED THAT FIRST A FRAMEWORK FOR MULTILATERAL COOPERATION IN THE DAIRY SECTOR MUST BE ESTABLISHED. IF MEMBERS OF THE SUBGROUP WILL NOT PARTICIPATE IN SUCH AN ARRANGEMENT, THE EC WOULD CONSIDER THIS A LACK OF RECIPROCITY. UNIVERSAL PARTICIPATION IN SUCH AN ARRANGEMENT IS A PRECONDITION FOR THE EC'S PARTICIPATION IN NEGOTIATIONS ON DAIRY PRODUCTS. HOWEVER ONCE GENERAL AGREEMENT FOR PARTICIPATION IN SUCH AN AGREEMENT HAS BEEN REACHED, THE EC WOULD SUBMIT BILATERAL REQUESTS FOR TARIFF AND NON-TARIFF CONCESSIONS. AS FAR AS THE U.S. IS CONCERNED, THE EC WILL REQUEST A REDUCTION IN TARIFFS ACCORDING TO THE FORMULA Y EQUALS X HUNDRED TIMES

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REITERATED (SIC). THE EC WILL ALSO ASK THE U.S. TO ENLARGE ITS IMPORT QUOTAS AND TO CHANGE ITS SANITARY RESTRICTIONS. AFTER EXCHANGE OF OFFERS AND REQUESTS ON A BILATERAL BASIS THERE SHOULD, IN EC'S VIEW, BE A MULTILATERAL REVIEW OF ALL OFFERS AND REQUESTS BY SUBGROUP.

JAPAN STATED THAT AS REGARDS AGRICULTURAL DUTIES, IT WOULD

BE APPROPRIATE THAT OFFERS BE TABLED BY TAKING INTO ACCOUNT THE TARIFF FORMULA AND THAT SUCH OFFERS BE MADE IN LINE WITH THE KENNEDY ROUND PRECEDENT IN ORDER TO TAKE ACCOUNT OF THE SPECIAL CHARACTERISTICS OF AGRICULTURE. WHEN ASKED TO CLARIFY THIS IDEA, JAPAN SIMPLY REPEATED THE STATEMENT.

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INFO AMEMBASSY BERN

AMEMBASSY CANBERRA

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

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13. NON-TARIFF CHARGES AND MEASURES. AUSTRALIA ASKED HOW COUNTRIES APPLYING VARIABLE LEVIES INTEND TO DEAL WITH TEM IN THE NEGOTIATIONS. HE SUGGESTED SEVERAL ALTERNATIVES INCLUDING CONVERSION TO FIXED DUTY AND BINDING, OR SETTING A CEILING,

AND/OR ESTABLISHING LEVY-FREE QUOTAS. THE EC REPLIED THAT THE EC'S VARIABLE LEVIES ARE NOT NEGOTIABLE.

14. THE U.S. ASKED WHETHER AND HOW THE EC WOULD BE WILLING TO ASSUME MEANINGFUL COMMITMENTS IN LIGHT OF ITS STATED REFUSAL

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TO NEGOTIATE VARIABLE LEVIES. THE EC REPLIED THAT ACCESS IS NOT THE PROBLEM AND THAT EXPORTERS ARE HAPPY WITH THEIR PRESENT ACCESS TO THE EC MARKET. VARIABLE LEVIES COULD BE SUBJECT TO ADJUSTMENT BUT ONLY ON THE BASIS OF COMMITMENTS BY EXPORTERS. NEW ZEALAND AND CANADA (GIFFORD) STATED THAT THEY FOR ONE ARE NOT HAPPY WITH PRESENT ACCESS IN THE EC, BUT SAW A RAY OF HOPE IN THE EC'S STATEMENT THAT WITHIN THE EC SYSTEM THERE WOULD BE SCOPE FOR PRAGMATIC ARRANGEMENTS FOR ACCESS SUCH AS WAS ACHIEVED FOR BEEF IN THE KENNEDY ROUND. THIS WAS NOT CONFIRMED OR REFUTED BY THE EC.

15. SUBSIDIES AND COUNTERVAILING MEASURES. AUSTRALIA SAID THAT THERE ARE SEVERAL WAYS OF DEALING WITH EXPORT SUBSIDIES, ONE BEING THE RED, AMBER, GREEN APPROACH, ANOTHER BEING THE ELIMINATION OF OFFENSIVE SUBSIDIES, AND A THIRD THE MINIMUM PRICE APPROACH. HE NOTED THAT THE EC HAD PUT FORWARD A PROPOSAL TO DEAL WITH COUNTERVAILING DUTIES IN ANOTHER MTN GROUP AND WONDERED WHETHER THAT PROPOSAL DEALS WITH ALL PRODUCTS INCLUDING AGRICULTURE. AUSTRALIA ALSO SAID THAT, SINCE THE VARIABLE LEVY IS CALCULATED ON THE LOWEST CIF PRICE, WHICH MAY BE A SUBSIDIZED PRICE, THE LEVY MAY INCLUDE AN ELEMENT OF CVD. IN SUCH A CASE, THE QUESTION OF CONSISTENCY WITH ARTICLE VI WOULD ARISE, SINCE INJURY WOULD PRESUMABLY HAVE TO BE DETERMINED.

THE EC REPLIED BY CRITICIZING THE U.S. CVD LAW, SAYING THAT THE EC IS BEING DISCRIMINATED AGAINST, AND THAT THE U.S. THREATENS COUNTERVAIL ACTION ON PRODUCTS WITHOUT A FINDING OF INJURY. EC ALSO SAID THAT VARIABLE LEVIES HAVE BEEN CALLED MANY THINGS, NOW CVD'S, BUT EC WOULD CALL THEM "NON-NEGOTIABLE."

16. AT THE CONCLUSION OF THE DISCUSSION OF THESE ISSUES, AUSTRALIA TOOK ISSUE WITH NEARLY ALL EC POSITIONS. THE AUSTRALIAN DEL STATED SEVERAL TIMES THAT THE EC ATTITUDE WAS NEITHER CREDIBLE NOR ACCEPTABLE AND THAT IF THIS ATTITUDE WAS NOT MODIFIED, THERE WOULD BE NO BASIS FOR NEGOTIATIONS. THE AUSTRALIAN DEL SAID THAT THIS WOULD HAVE TO BE REPORTED TO CANBERRA. AUSTRALIA COMMENTED FURTHER THAT THE EC IS WILLING TO LOOK AT PROBLEMS NOT ADEQUATELY COVERED BY THE GENERAL AGREEMENT SUCH AS VALUATION, CVD'S, SUBSIDIES, SAFEGUARDS, AND STANDARDS BUT IS NEGATIVE ON THE QUESTION OF VARIABLE LEVIES. THE EC IS ASKING AUSTRALIA TO MAKE SIGNIFICANT REDUCTIONS IN ITS

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INDUSTRIAL TARIFFS BUT IS UNWILLING TO GIVE AUSTRALIA ANYTHING IN RETURN.

THE EC RETRTED THAT AUSTRALIA ACCEPTED THE MAY 8 CIMPROMISE AND SAID THAT THIS ISSUE SHOULD NOT BE RESURRECTED. AUSTRALIA REPLIED THAT IT WAS THE EC WHICH IS GOING BACK ON ITS COMMITMENTS SINCE EVERY TIME SOMEONE TRIED TO CARRY FORWARD WORK "IN CONJUNCTION WITH" OTHER GROUPS, THE EC OBJECTED.

17. THE SUBGROUP AGREED TO CONTINUE CONCURRENTLY THE DEBATE ON "DEFICIENCIES IN EXISTING ARRANGEMENTS" AND "MEANS OF LIBERALIZING IMPORT AND EXPORT REGIMES." THE SUBGROUP ALSO AGREED TO INVITE DELEGATIONS TO SEND COMMUNICATIONS IN WRITING COMMENTING ON THE DEFICIENCIES OF THE EXISTING INTERNATIONAL DAIRY ARRANGEMENTS AS WELL AS ANY VIEWS ON WAYS TO IMPROVE THEM.

18. IT WAS AGREED THAT THE DATE OF THE NEXT MEETING WOULD BE SET BY THE CHAIRMAN IN CONSULTATIONS WITH DELEGATIONS.

19. AFTER THE SUMMING UP, THE EC INTERVENED TO DRAW ATTENTION OF GROUP AGRICULTURE CHAIRMAN (SUBSTITUTING FOR LUCQ) TO PARA 8 OF TOKYO DECLARATION STATING THAT OTHER GROUPS ARE ADVANCING IN THEIR WORK AND SETTING A CALENDAR FOR FUTURE MEETINGS BUT THAT GROUP AGRICULTURE WAS NOT. THE EC SUGGESTED THAT PATTERSON FIX A DATE FOR A FUTURE AGRICULTURE GROUP MEETING. PATTERSON IGNORED THIS INTERVENTION AND CONCLUDED THE MEETING.

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## Message Attributes

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